

**CITY OF NEW YORK
DEPARTMENT OF INVESTIGATION**

TO: File

DATE: July 7, 2017

**FROM: Meredith Stroble
Assistant Inspector General**

**RE: "Restaurant Mogul"
(DOI #16-05767)**

CLOSING MEMORANDUM

The following is a summary only of information pertaining to this investigation and does not contain each and every fact learned during the course of this investigation.

ORIGIN AND NATURE OF ALLEGATION:

In May 2016, the Department of Investigation (DOI) was notified by the Southern District of New York (SDNY) of possible corruption by City officials regarding the Water's Edge Restaurant, located at the end of 44th Drive in Long Island City, according to numerous current and former employees at the Department of Citywide Administrative Services (DCAS).

DOI conducted a joint investigation with SDNY and the Federal Bureau of Investigation (FBI) into whether Water's Edge owner Harendra Singh and his lobbyist Neal Kwatra received any favors as a result of their connections with the City.¹

RESULTS OF INVESTIGATION:

DOI, SDNY, and the FBI reviewed hundreds of emails and documents, and conducted interviews of dozens of City officials and individuals regarding the Water's Edge matter, including current and former staff at both DCAS and the Mayor's Office.

The City entered into a lease for the Water's Edge Restaurant with Quinn Restaurant Corporation in 1981. In 2006, DCAS served a Notice of Default for their failure to maintain the Nott Avenue Pier. On July 1, 2008, the lease was taken over by Singh Hospitality Group, which assumed the restaurant debt of \$1.7 million in back-rent and fees. On August 14, 2008, Singh wrote a letter to then-DCAS Commissioner Martha Hirst stating that his corporation would also pay \$2 million for the "restoration and beautification" of the pier.

On May 30, 2014, DCAS provided Singh with the results of an audit which audit calculated that Water's Edge Restaurant had underpaid its lease by \$747,178 for fiscal years 2010 through 2013, which had resulted in \$464,469 in late fees. Singh was also responsible to pay \$3.66 million to repair the Nott Avenue Pier; this was reduced to \$3.1 million by July 17, 2015.

Harendra Singh, President of Singh Hospitality Group, wanted to renew the lease, but DCAS

¹ Kwatra is a well-known lobbyist and donor to the Mayor's Campaign for One New York (CONY). His mother, Pam Kwatra, was appointed by Mayor Bill de Blasio to be on the Board of Directors at the Economic Development Corporation (EDC).

would not initiate negotiations until there was a plan for the debt to be paid.

Former Public Advocate Bill de Blasio requested that DCAS meet with Harendra Singh and his attorney Tom Garry starting in October 2011 regarding the matter. Singh hosted fundraising and campaign events for Mayor de Blasio in 2011 and 2013 for below-market fees, and has made significant contributions to the Mayor's Campaign for One New York (CONY).

In interviews with DOI, SDNY, and the FBI, several DCAS staff alleged that they were given multiple instructions by de Blasio's staff, first at the Public Advocate's Office in 2011 and then at City Hall in 2014 - 2015, to "resolve this matter" because Singh was "a friend of the mayor." This matter escalated both in the involvement of staff at DCAS, up to and including former Commissioners Stacey Cumberbatch and Edna Wells Handy, as well as at the Mayor's Office, up to and including Special Counsel Henry Berger and Director of Intergovernmental Affairs Emma Wolfe. Mayor Bill de Blasio called Commissioner Cumberbatch regarding this matter within her first month overseeing DCAS; according to several current and former DCAS employees, this was the first and only time that the mayor ever called her directly.

In March 2015, DCAS filed Landlord-Tenant Nonpayment (L&T Index #10400/2015). DCAS met with Singh on several occasions and on January 15, 2015 agreed to remove the late fees which reduced the amount that Singh owed to \$1.39 million. DCAS filed rent arrears in May 2015 for a total rent arrears of \$1,105,487. On July 31, 2015, Singh offered to pay \$1.1 million in back rent and \$2 million for the construction/replacement of the pier.

DCAS staff further alleged that, during the negotiations in a meeting with DCAS Asset Management on March 24, 2015, Kwatra allegedly stated "clearly you didn't get the message from City Hall."

Subsequently, City Hall staff advised Commissioner Cumberbatch that former Deputy Commissioner Ricardo Morales should no longer work on the Water's Edge matter. Commissioner Cumberbatch became the DCAS lead on this matter; according to several staff at DCAS, escalating this to the Commissioner level was unprecedented.

There was a meeting at City Hall on July 17, 2015 with DCAS staff including Commissioner Cumberbatch, Singh, Kwatra, and Wolfe. According to several DCAS staff, a meeting at City Hall regarding a minor matter such as a lease negotiation was also unprecedented. Subsequent to this meeting, Wolfe, not DCAS, conducted the final settlement negotiations with Singh's attorneys.

Singh was arrested in September 2015 and charged by federal prosecutors from the Eastern District of New York with disaster assistance fraud pertaining to Hurricane Sandy, as well as conspiracy, obstruction of justice, and bribery of officials in Nassau County.

In August 2016, DOI conducted searches on the computers, laptops, and emails of several City Hall officials. This investigation determined that several City Hall staff, including Wolfe, were using their personal emails to conduct City business. The searches were limited to specific and relevant search terms of emails and documents, and DOI found significant personal email usage pertaining to these terms: Wolfe's personal email addresses appeared 1,296 times; Berger's personal email addresses appeared 34 times; Deputy Mayor Anthony Shorris' personal email address appeared 682 times; Chief of Staff to the First Deputy Mayor Dominic Williams' personal email address appeared 579 times; and Mayor Bill de Blasio's personal email address appeared 1,850 times. Wolfe

also had a personal application, Evernote, installed on her City-issued laptop, on which she was storing City documents.


On March 16, 2017, SDNY released a statement that it would not file any corruption charges against Mayor Bill de Blasio or his staff regarding inappropriate campaign fundraising and "pay-to-play" practices in which donors received special favors from the City. "We have conducted a thorough investigation into several circumstances in which Mayor de Blasio and others acting on his behalf solicited donations from individuals who sought official favors from the City, after which the Mayor made or directed inquiries to relevant City agencies on behalf of those donors... After careful deliberation... we do not intend to bring federal criminal charges against the Mayor or those acting on his behalf relating to the fundraising efforts in question."

CONCLUSION AND RECOMMENDATION:

[REDACTED]


[REDACTED] DOI will issue policy and procedure recommendations to the relevant city agencies.

Submitted by:


Meredith Strobe
Assistant Inspector General

Date: 7/7/17

Approved by:


Chin Ho Cheng
Inspector General

Date: 7/7/17



**The City of New York
Department of Investigation**

**MARK G. PETERS
COMMISSIONER**

**OFFICE OF THE INSPECTOR GENERAL
80 MAIDEN LANE
NEW YORK, NY 10038**

August 16, 2017

Commissioner Anne M. Roest
Department of Information Technology and Telecommunications (DoITT)
255 Greenwich, 9th Floor
New York, NY 10007

Dear Commissioner Roest:

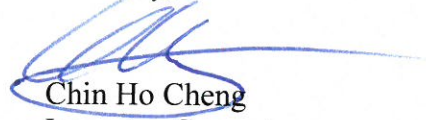
As part of a recent investigation, the New York City Department of Investigation (DOI) conducted searches on the computers, laptops, and emails of several City employees and determined that several City Hall employees were using their personal emails to regularly conduct official City business. The searches were limited to specific search terms of emails and documents for information that was relevant to the investigation, and DOI found significant personal email usage pertaining to these terms. Additionally, City Hall employees did not consistently forward emails from their personal email accounts to their City email accounts, as they should have in accordance with their internal Record Retention and FOIL instructions.

In order to prevent the regular use of personal emails to conduct City business, thereby risking the loss of material that may be subject to FOIL and other legal and document retention requirements, DOI makes the following policy and procedure recommendation to the Department of Information Technology & Telecommunications (DoITT):

DoITT should create a Citywide Policy stating that City employees cannot use personal email to regularly conduct City business and should make every attempt to primarily use their City email accounts to conduct City business. In instances that personal email accounts are used, the City employee must immediately forward any and all such communication to their City email accounts to order to maximize City compliance with future FOIL requests.

Please notify DOI within 30 days regarding any actions taken by your agency to either implement or reject these recommendations. If you have any questions, please feel free to contact Assistant Inspector General Meredith Stroble at 212-825-5978.

Sincerely,



Chin Ho Cheng
Inspector General

cc: DoITT General Counsel Michael Pastor
DoITT Inspector General Andrew Brunsten